

This letter refers the taxpayer to the Department's website at [www.ILTAX.com](http://www.ILTAX.com) for access to the Department's letters, regulations, and publications. (This is a GIL.)

October 19, 2006

Dear Xxxxx:

This letter is in response to your letter dated June 1, 2006, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at [www.ILTAX.com](http://www.ILTAX.com) to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

I respectfully request a general information letter regarding the sales and use tax implications of certain fees charged by Corporation X, based on the facts set forth below. By way of background, Corporation X is in the business of leasing completely furnished business offices. Corporation X also provides and arranges for services which are necessary to operate a business office. Corporation X provides each tenant with a monthly bill separately stating the charge for the rental of office space, rental of office equipment, and the various business services. The services provided or arranged for by Corporation X, which are the subject matter of this request for general information, are set forth below.

1. On-line access. Corporation X provides tenants the access to the internet via T-1 lines.
2. Conference room rental. Corporation X records reservations and tracks tenant usage of conference rooms.
3. Set up fee. Corporation X sets up and programs phones and internet for tenants. Corporation X also issues welcome books, keys and cards to tenants.
4. Federal Express. Tenants fill out a request form, and Corporation X goes on-line and places shipment requests for tenants.

5. Copying. Copies are made either by tenants or Corporation X. Tenants are billed based on usage.
6. Catering. Corporation X arranges for catering. Either the catering company delivers or Corporation X picks up the food. If requested, Corporation X sets up the food for the tenants.
7. Administrative support. Corporation X provides tenants with word processing services, spreadsheet services, basic administrative services, and call forwarding services.
8. Postage. Corporation X bills tenants for postage usage with no mark-up.
9. Telephone equipment rental. Corporation X provides tenants with use of telephones and telephone lines.
10. Telephone usage. Corporation X bills tenants for use of local and long-distance telephone service.
11. If Corporation X bills tenants for a taxable and nontaxable charge on one invoice without separately stating the charges, is the entire invoice taxable, or only the portion attributable to the nontaxable charge?

If you have any questions or require additional information in order to respond to the items set forth above, please do not hesitate to contact me.

## **DEPARTMENT'S RESPONSE**

We do not have enough information to provide you with specific answers to your inquiries. We recommend that you go to the Department's website and look at the Department's regulations, letters, and publications. We also hope that the following information is helpful.

The Illinois Retailers' Occupation Tax Act imposes a tax upon persons engaged in this State in the business of selling tangible personal property to purchasers for use or consumption. See 86 Ill. Adm. Code 130.101. The Use Tax Act imposes a tax upon the privilege of using in this State tangible personal property purchased at retail from a retailer. See 86 Ill. Adm. Code 150.101. If no tangible personal property is being transferred to the customers, then no Illinois Retailers' Occupation Tax or Use Tax would apply. For example, catering is generally subject to Retailers' Occupation Tax. See the Department's regulation "Vendors of Meals" at 86 Ill. Adm. Code 130.2145. Any tangible personal property provided to tenants (such as books, keys and cards) are generally subject to Use Tax.

Likewise, the Service Occupation Tax Act and Service Use Tax are imposed on the transfer of tangible personal property incident to sales of service. See 86 Ill. Adm. Code 140.101 and 160.101. If no tangible personal property is being transferred to the customers incident to the services provided then no Illinois Service Occupation Tax nor Service Use Tax would apply.

For information regarding these sales taxes, we refer you to the Department's regulations at 86 Ill. Adm. Code Parts 130, 140 and 150.

The Telecommunications Excise Tax is imposed upon the act or privilege of originating or receiving intrastate or interstate telecommunications in Illinois at the rate of 7% of the gross charges for such telecommunications purchased at retail from retailers. For further information, we refer you to the Department's regulations at 86 Ill. Adm. Code Part 495.

If you require additional information, please visit our website at [www.ILTAX.com](http://www.ILTAX.com) or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Very truly yours,

Martha P. Mote  
Associate Counsel

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